



## MUDRA Yojana: Boom to Women Entrepreneurs in India

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### Abstract

India has vibrant ecosystem for entrepreneurship and also been witnessing an increase in the number of women entrepreneurs in recent years. Despite of progress made in recent years, women entrepreneurs in India are still facing several problems, among them access to finance is the major challenge. At this stage Government of India has taken an incredible initiative i.e., "Pradhan Mantri Mudra Yojna (PMMY)". The aim of the study is to assess the progress of MUDRA Yojana for booming women entrepreneurs since its inception in India. The study concludes that the Mudra yojana has positive growth over the years for women entrepreneurs. The Shishu scheme (smaller loan) holds highest average annual Number of Accounts and Sanctioned loan amount as against to Kishor and Tarun schemes and it has highest consistency. Hence, the smaller loan amount scheme of MUDRA yojana is more popular among women entrepreneurs, because MUDRA has adopted unconventional mode for sanctioning the loans. Overall, the study suggested that, the increasing number of accounts and amount sanctioned under schemes of MUDRA yojana booming to Women Entrepreneurs in India over the years.

**Keywords:** Financial inclusion, MUDRA Yojana, Micro credit and women entrepreneurs

### Introduction

Financial inclusion and Women entrepreneurship are having a growing important recognition as key drivers of economic growth and development of a country. Financial inclusion and Micro credit are played a vital role to empower rural population especially Women to become entrepreneurs and start their own business. But in India, rural population, women and marginalized communities are those who are excluded from financial services which are provided by formal banking. As per a recent study, women comprise a mere 14 percent of total entrepreneurs in India and 43 percent in the world. To encourage and vindicate ambitious females to start their own business, several initiatives and policies are being launched by the government of India to promote financial inclusion and microcredit to support the rural population, especially women entrepreneurs.

One such initiative is Pradhan Mantri MUDRA Yojna [PMMY] is a flagship scheme launched on 8<sup>th</sup> of April, 2015 having an objective called "Fund the Unfunded". It is called the MUDRA yojana scheme, also known as the Mahila Udhyami Yojana. The MUDRA (Micro Units Development And Refinance Agency Limited) Yojana was

initiated by the government to provide loans up to INR 10 lakhs for existing and established business units and for non-farming and non-corporate businesses. Mudra Loans comes with the sole aim of fostering a culture of entrepreneurship among the people especially within women. Banks and other financial institutions can offer Mudra loans to women who have the vision to initiate their own businesses in India. PMMY loans can be availed of by anyone looking to launch, expand, support, or modernize their own small and medium enterprises. It's been almost seven successful years, at present financial year of MUDRA yojana aimed at to be sanction loan accounts 88,41,973 and amount to be sanctioned Rs. 67,420.66 Crores (as on 16-06-2023) to Micro and Small Entrepreneurs especially to Women Entrepreneurs who are unfinanced by formal banking. Women entrepreneurs own 71 percent of MUDRA yojana loan accounts, with 49 percent of the sanctioned amount. This is a good sign that women are coming out of the four walls and becoming self-reliance. Hence, an attempt has been made to assess the progress of MUDRA Yojana for booming women entrepreneurs since its inception in India.

**Review of Literature**

Divya Mahadule *et al.* (2022) <sup>[1]</sup> have discussed about the Mudra scheme for assisting women entrepreneurs. This study revealed that the scheme provided massive financial assistance to entrepreneurship especially for women year by year and concluded that this scheme has helped too many women to become independent both financially and economically.

Gunjan Bhayana *et al.* (2020) <sup>[2]</sup> made a comparative study between the different states and overall performance of PMMY scheme and concluded that it given boost to women entrepreneurs. Furthermore, it revealed that an increasing change in Kishor and Tarun in case of loan sanctioned and disbursement with compare to Shishu. The study also suggested to Government by appointing ‘Independent Agency’ to evaluate MUDRA scheme continuously.

Vivek S, *et al.* (2019) <sup>[3]</sup> determined the overall performance of Mudra Yojna and revealed that after introduction of Mudra scheme, refinancing and micro credit activities have been increased dramatically and this scheme became a game changer for growth of financial inclusion and the study discovered that there is an increasing growth rate for entrepreneurial activities in India.

Manish Agarwal *et al.* (2017) <sup>[5]</sup> have critically reviewed the overall performance of Pradhan Mantri MUDRA Yojana through SWOT analysis and the study discovered that the scheme achieved their one of the primary objective called “Fund the Unfunded” micro enterprises. The study

suggested that proper implementation of the scheme become a game changer in the sector of Micro finance.

Mahammad Shahid *et al.* (2016) <sup>[5]</sup> the attempt made on to assess the progress of MUDRA scheme in particularly with Karnataka state and it focused mainly on MUDRA scheme components and its key objectives. The study concluded that the scheme helps to encourage younger generation to become a self employed and hopes to fill the gap in micro credit space.

**Research Methodology**

The present study is descriptive in nature and it is based on secondary data, which is collected through website of MUDRA and annual reports of PMMY.

**Data Analysis**

The given data represented the performance of the MUDRA yojana during 2015-16 to 2021-22 for women entrepreneurs in India. This yojana sanctions loans in three schemes based on the funding requirements and stage of business. Shishu scheme represents small loans (up to Rs. 50,000), Kishor scheme represents medium-sized loans (between Rs. 50,000 and Rs. 5 lakhs), and Tarun scheme represents larger loans (between Rs.5 lakhs and Rs.10 lakhs). The data mentioned in below Table-01 shows that Number of loan Accounts and total amount of funding sanctioned (in Crores) under each scheme of MUDRA yojana for women entrepreneurs.

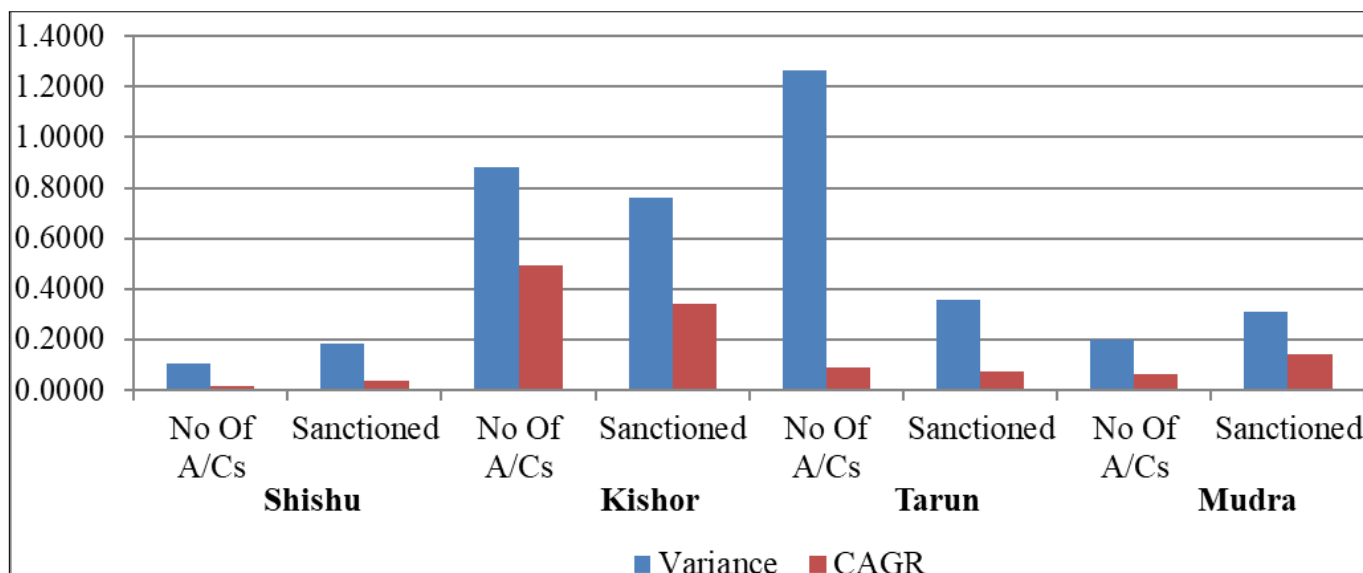
**Table 1:** Number of Accounts and Amount Sanctioned to Women Entrepreneurs and Total Number of Accounts & Sanctioned Amount under MUDRA Yojana (2015-16 to 2021-22)

Year	Women Entrepreneurs (Amount in Crores)						Mudra Yojana (Amount in Crores)	
	Shishu Scheme		Kishor Scheme		Tarun Scheme		Number of Accounts	Sanctioned Amt.
	Number of Accounts	Sanctioned Amt.	Number of Accounts	Sanctioned Amt.	Number of Accounts	Sanctioned Amt.		
2015-16	27103118	69038.97	473536	9068.03	51611	4076.55	34881000	132955
2016-17	28472344	66997.91	624925	9541.63	49625	3750.13	39701047	180528.54
2017-18	32144132	80371.59	1335192	16586.84	78914	6295.7	48130593	253677.1
2018-19	33403579	96253.15	2875392	26741.23	783591	10039.23	59870318	321722.79
2019-20	35717217	109659.78	2988307	26476.69	397825	9045.4	62247606	337495
2020-21	27753288	74490.46	5468211	50730.64	82105	6082.24	50735046	321759
2021-22	30441921	89621.66	7892778	70027.9	94560	6772.91	53795526	339110.35
Average	30719371.29	83776.22	3094048.7	29881.85	219747.29	6580.31	49908734	269606.83
Variance	0.1040	0.1860	0.8830	0.7596	1.2618	0.3547	0.2004	0.3094
CAGR	0.0167	0.0380	0.4947	0.3391	0.0904	0.0752	0.0638	0.1431

Sources: Annual Report of MUDRA Yojana

The Number of Accounts and Sanctioned Amount are continuously increased up to the year of 2019-20 whereas it has decreased in the year of 2020-21 (due to Covid-19) of Shishu scheme. Later it increased marginally. On an average annual contribution of number of accounts is 30,719,371 and fund sanctioned is Rs.83,776.22 (Crores) with low variance. In case of Kishor scheme, number of accounts and amount sanctioned have shown increasing pattern of an

average (3,094,049) number of accounts while (Rs.29,881.85 Crores) sanctioned amount with moderate volatility. For Tarun scheme, it has shown fluctuating trend on an average of number of accounts (219747) and sanctioned amount (Rs. 6580.31 Crores) with higher variability. Overall, MUDRA yojana showed dynamic trend in No. of Accounts (49908734) and Sanctioned Amount (Rs. 269606.83Crores) with moderate fluctuation.



Sources: Annual Report of MUDRA Yojana

Fig 1: Variance and CAGR of No. of Accounts and Sanctioned Amount

The above figure represents that the growth rate of No. of Accounts and Amount Sanctioned for each scheme. Overall, the Kishor Scheme had highest growth rate, followed by Tarun and Shishu Schemes. Hence, it seems to be women entrepreneurs are relatively growing and more benefited by the Scheme of Kishor among the other schemes of MUDRA yojana.

Table 2: Correlation Metrics

	No of Accounts				Amount sanctioned		
	Shishu	Kishor	Tarun		Shishu	Kishor	Tarun
Shishu	1			Shishu	1		
Kishor	0.0579	1		Kishor	0.2861	1	
Tarun	0.6843	0.0085	1	Tarun	0.9078	0.2880	1

The above table-02 indicates that, all the schemes under MUDRA yojana have positively correlated. In that Shishu scheme is much more correlated with the Tarun scheme than that of other schemes in case of No. of Accounts as well as Amount Sanctioned. During the study period, the Shishu and Tarun schemes had the strongest connection for providing financial assistance to Women Entrepreneurs, based on the report.

### Conclusion

There are three schemes under MUDRA yojana namely smaller loan amounts of Shishu scheme, medium-size loan amounts of Kishor scheme and larger loan amounts of Tarun scheme respectively. The study concludes that the Mudra yojana has positive growth over the years for promoting women entrepreneurs. The Shishu scheme (smaller loan) holds highest average annual Number of Accounts and Sanctioned loan amount as against to Kishor and Tarun schemes and it has highest consistency. Hence, the smaller loan amount scheme of MUDRA yojana is more popular among women entrepreneurs, because of unconventional mode is adopted for sanctioning the loans. Overall, the study suggested that, the increasing number of accounts and amount sanctioned under schemes of MUDRA yojana are booming Women Entrepreneurs in India over the years.

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